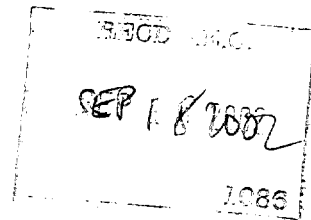




1-3006



SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

P.E.
9/2/02

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of September [2], 2002

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY
(Exact name of registrant as specified in charter)

Ramon Cojuangco Building
Makati Avenue
Makati City, Philippines
(Address of principal executive offices)

PROCESSED
SEP 20 2002
THOMSON
FINANCIAL

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**SECURITIES AND EXCHANGE COMMISSION**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE ("SRC")**

1. 17 September 2002  
(Date of earliest event reported)
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
4. PHILIPPINE LONG DISTANCE TELEPHONE COMPANY  
Exact name of registrant as specified in its charter
5. PHILIPPINES  
Province, country or other jurisdiction  
of Incorporation
6. \_\_\_\_\_ (SEC Use Only)  
Industry Classification Code
7. Ramon Cojuangco Building, Makati Avenue, Makati City  
Address of principal office
- 1200  
Postal Code
8. (632) 814-3664  
Registrant's telephone number, including area code
9. Not Applicable  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC  

|                     |                                                                             |
|---------------------|-----------------------------------------------------------------------------|
| Title of Each Class | Number of Shares of Common Stock<br>Licensed and Amount of Debt Outstanding |
|---------------------|-----------------------------------------------------------------------------|

Attached hereto is a copy of PLDT Management's presentation material entitled Philippine Equity Roadshow. The presentation material can also be downloaded at [www.pldt.com.ph/investor\\_relations.html](http://www.pldt.com.ph/investor_relations.html).

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

PHILIPPINE LONG DISTANCE  
TELEPHONE COMPANY

  
MA. LOURDES C. RAUSA-CHAN  
Corporate Secretary

Date: 17 September 2002

Distribution Copies: 5 copies – Securities & Exchange Commission  
1 copy - Philippine Stock Exchange  
1 copy - Company Secretary



PHILIPPINE LONG DISTANCE TELEPHONE COMPANY



## **Management Presentation**

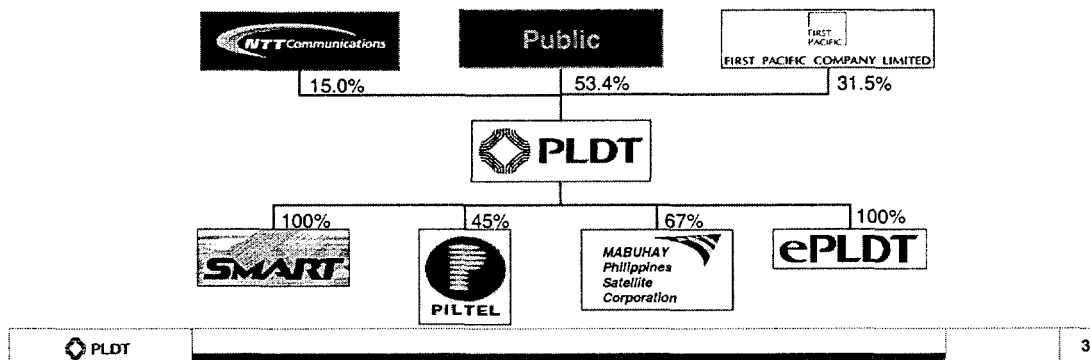
### **Philippine Equity Roadshow**

**September 16, 2002**

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- 3 **Corporate Overview**
- 4 **Key Investment Considerations**
- 5 **Dominant Market Shares**
- 6 **Broadening and Growing Revenue Base**
- 7 **Extensive Integrated Network**
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# Corporate Overview

- Founded in 1928
- The dominant integrated telecom service provider in the Philippines
- Market leader in fixed line and cellular businesses with over 9 million combined subscribers
- Operates the most extensive cellular, fiber optic backbone and fixed line, cable and satellite networks
- Publicly listed on the Philippine Stock Exchange and with ADRs listed on the NYSE (PHI) and Pacific Exchange
  - Subject to both Philippine and U. S. SEC regulations, including the new Sarbanes-Oxley Act

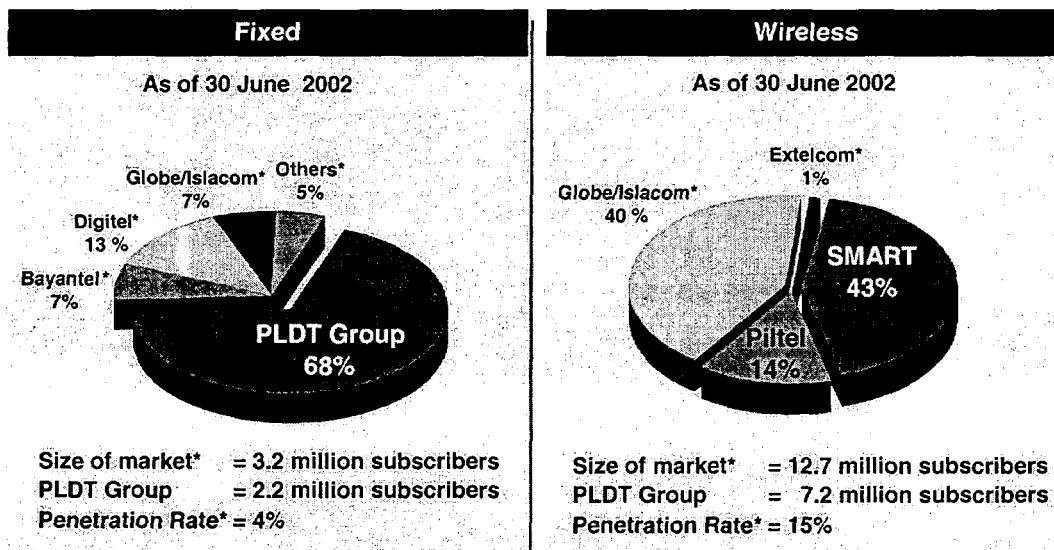


# Key Investment Considerations

|                                     |                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incumbent Nationwide Operator       | <ul style="list-style-type: none"> <li>Incumbent operator, providing telecom services since 1928</li> <li>Only nationwide operator in the Philippines</li> </ul>                                                                                                                                                                                                                         |
| Dominant Market Shares              | <ul style="list-style-type: none"> <li># 1 in fixed line with over 2.2 million subscribers and 68% market share</li> <li># 1 in wireless with approximately 7.2 million subscribers and 57% market share</li> </ul>                                                                                                                                                                      |
| Successful Diversification Strategy | <ul style="list-style-type: none"> <li>Major player in all sectors of the telecommunications industry</li> <li>Significant expansion of wireless, local exchange and data services reduce dependence on NLD and ILD revenues</li> </ul>                                                                                                                                                  |
| Extensive Integrated Network        | <ul style="list-style-type: none"> <li>Significant investments already completed</li> <li>5,400 km nationwide digital fibre optic and microwave backbone</li> <li>Synergies with the fixed line nationwide infrastructure enabled rapid and cost-efficient deployment of the GSM network</li> </ul>                                                                                      |
| Strong Recurring Cash Flows         | <ul style="list-style-type: none"> <li>Stable cash flows, backed by strong EBITDA margin and rationalized capital expenditure plans</li> <li>Further improvement of margins at PLDT-Parent level due to cost containment initiatives</li> <li>Increasing profitability at Smart due to continued subscriber growth, stabilizing ARPU and reduced subscriber acquisition costs</li> </ul> |
| Improving Balance Sheet Profile     | <ul style="list-style-type: none"> <li>Completion of liability management exercise removes near-term refinancing risks</li> <li>Cash flows generated from operations to be used to reduce overall indebtedness</li> </ul>                                                                                                                                                                |

## Dominant Market Shares

- #1 in fixed line with over 2.2 million subscribers and 68% market share
- #1 in wireless with approximately 7.2 million subscribers and 57% market share

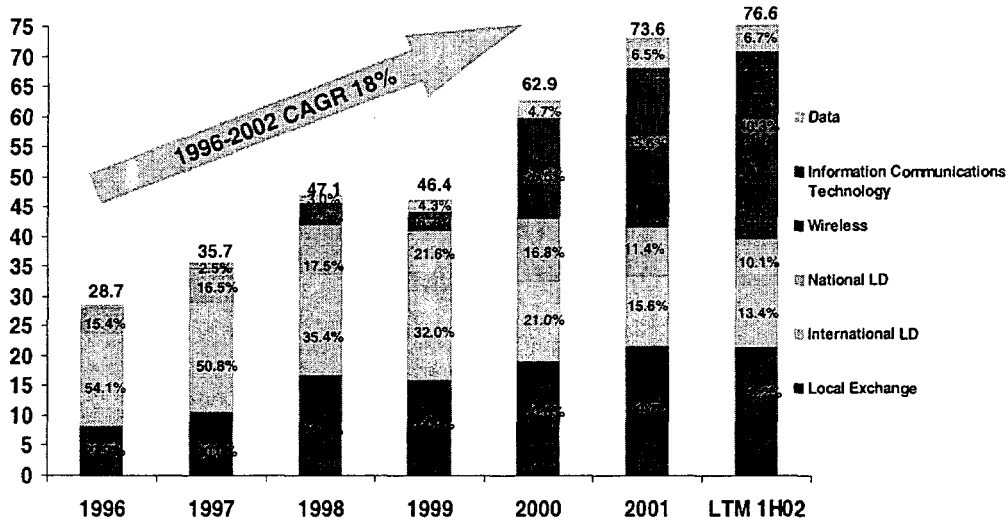


\* Company estimates



# Broadening and Growing Revenue Base

PHP billions



% Growth

24%

32%

(1%)

36%

17%

4%

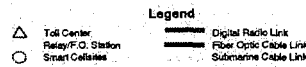
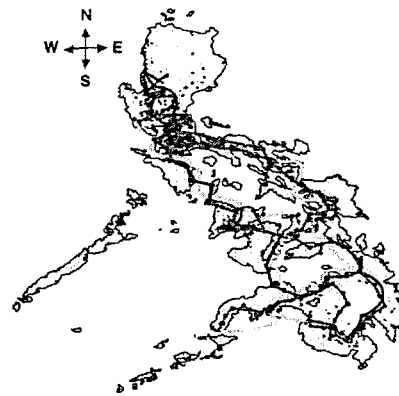
PLDT

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# Extensive Integrated Network

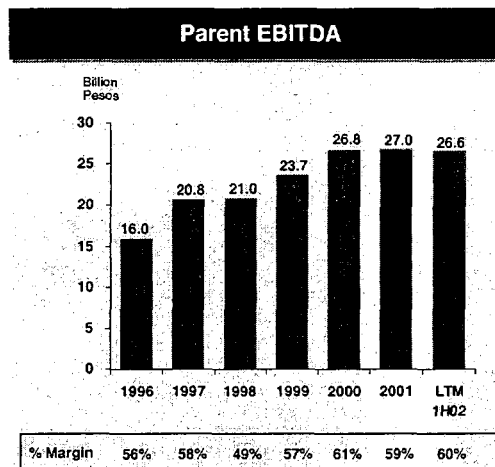
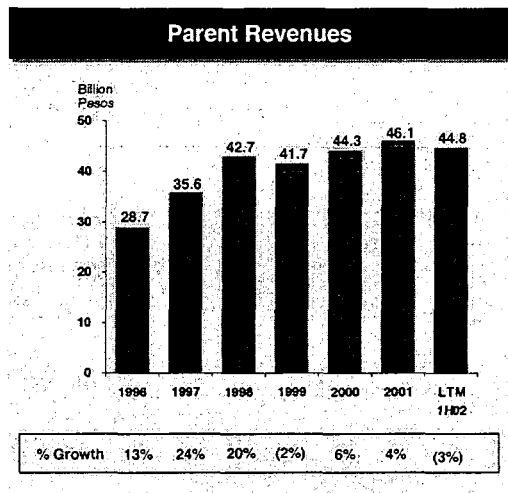
## Nationwide Fiber Optic Network

- PLDT's fixed line network and infrastructure is the most advanced and extensive in the Philippines
- Operational synergies have led to rapid and cost effective GSM network expansion of Smart through sharing of transmission facilities and co-location of switches and base stations



# Strong Historical Financial Performance

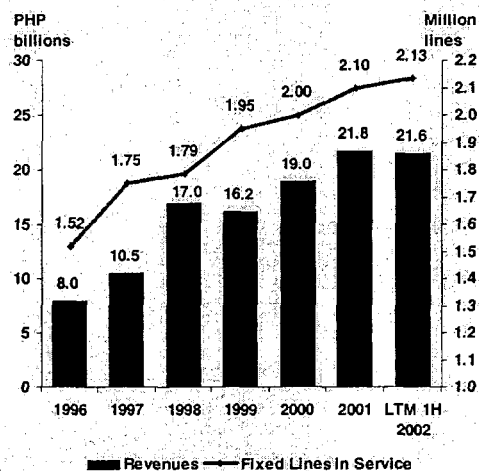
- Sustained growth during period of substantial regulatory and competitive change
- PLDT-Parent EBITDA margins have predominantly remained above 55% in spite of challenging market conditions



## Local Exchange – Stable and Increasing Base

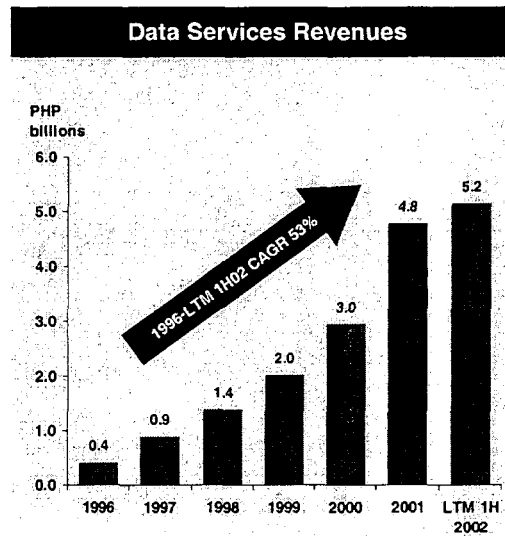
- Contributed 48% of fixed line revenues in the twelve month period ending June 30, 2002, principally from monthly recurring charges
- Subscribers and revenues have grown at an average rate per annum of 6% and 18%, respectively, since 1996
- Monthly charges are automatically adjusted upwards and downwards depending on foreign exchange movements
- Prepaid fixed line service allows greater access to a broader market segment and maximizes utilization of fixed line network
- Ratio of lines in service per PLDT employee improved from 84 in 1996 to 165 as of June 30, 2002

**PLDT Group Local Exchange Revenues and Lines in Service**



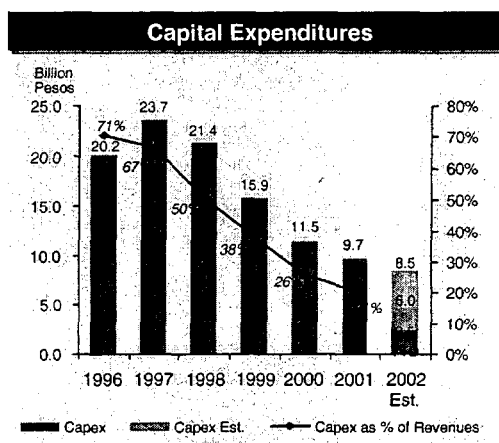
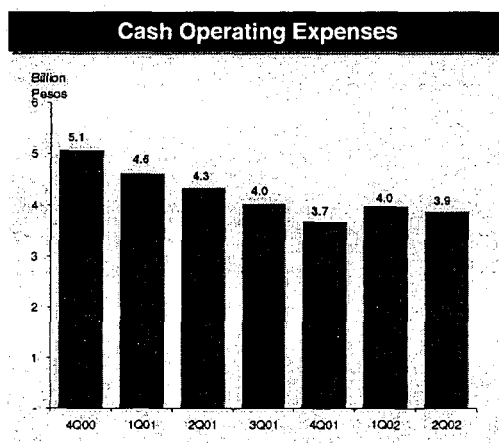
# Data and Network Services – Key Growth Driver

- Data and other network services contributed 11% of fixed line revenues for the twelve month period ended June 30, 2002
- Growth was driven by higher demand for basic leased line services and packet based services such as frame relay, IP-VPN, ATM and DSL by corporate clients
- Domestic data services for corporate clients and consumer data products expected to drive revenue growth as PLDT leverages off its extensive network coverage
- PLDT's DSL and Vibe internet service now has approximately 8,000 and 50,000 subscribers



# Cash Opex and Capex Containment Continues

- Cash expenses have been declining Q-on-Q since 1Q 2001 with further cost savings to be realized as PLDT implements additional cost containment initiatives
- Capital expenditures are expected to continue to decline as PLDT caps its spending on the circuit switched network while expanding data services principally through installation of equipment at the edge of the DFON network
- PLDT's capital expenditure budget for FY2002 is P8.5 billion, of which P2.5 billion has been spent in the first half of 2002



# PLDT's Liability Management Program

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The liability management program revolves around two fundamental objectives:

- **Phase 1** - Improve balance between PLDT's projected cashflows and debt service requirements
  - Raise funds to extend existing maturities
  - Limit overall cost of refinancing
  
- **Phase 2** - Generate cash flow from operations to cover 50% of the debt service requirements from 2002 – 2004 to reduce overall indebtedness and achieve a Debt to EBITDA ratio of less than 4.0x by 2004
  - Grow fixed line revenues by expanding data services and local exchange while stabilizing long distance revenues
  - Contain cash operating expenses
  - Reduce capital expenditures
  - Improve working capital management
  - Cap investments in subsidiaries

# Fund-Raising Initiatives Completed

## Completed Facilities

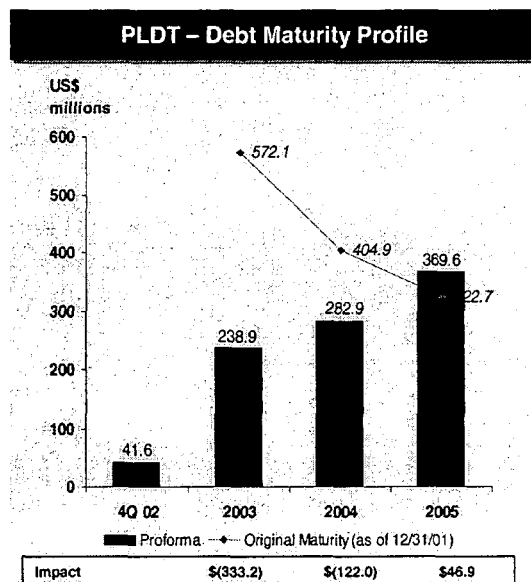
- ✓ **US\$149 million KfW facility (January 2002)**
  - Refinances debt maturities owed to KfW from 2002 to 2004
  - Amounts disbursed from 2002 to 2004 and will be repaid in 8 semi-annual installments beginning April 2007 to October 2010
  - As of July 31, 2002, approximately US\$32.9 million has been drawn against the KfW facility
- ✓ **US\$100 million 10.625% Notes due 2007 and US\$250 million 11.375% Notes due 2012 (May 2002)**
  - Proceeds were used to repurchase US\$62.3 million and US\$116.9 million of PLDT's existing 2003 and 2004 notes, respectively and to prepay other short- to medium-term debt of PLDT
- ✓ **US\$145 million Multicurrency Term Loan (September 2002)**
  - Refinance approximately 55% of principal amounts under two existing bank loans due in 2003
  - Approximately 36% of the outstanding amounts under the two bank loans have been prepaid
  - Facility to be disbursed in 2003 and will be repaid in 6 semi-annual installments beginning June 2004

## Other Fundraising Initiatives

- ✓ **JPY9.76 billion (approx. US\$83.4 million) JBIC Overseas Investment Loan (July 2002)**
  - Loan agreement signed on July 26, 2002 and drawdown made on July 31, 2002
  - To be repaid in 7 semi-annual installments beginning March 2005 to March 2008
- ✓ **US\$8.8 million facility from Export Development Canada (May 2002)**
  - Finances in part the equipment provided by Nortel for the expansion of PLDT's DFON



# PLDT's Debt Maturity Profile (4Q 2002-2005)



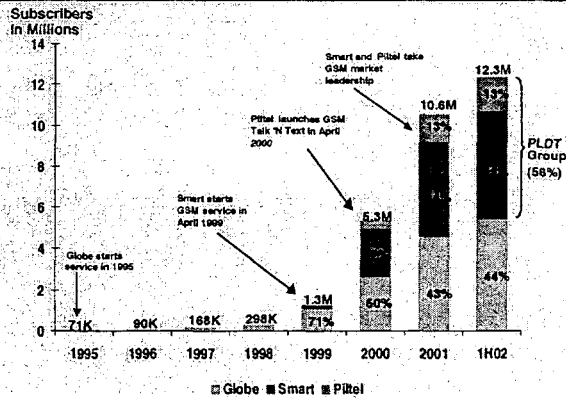
\* Adjusted to reflect US\$350 million Notes issue, corresponding tender and prepayments, drawdowns from US\$149 million KTW facility and US\$145 Multicurrency Term Loan Facility

- Completion of phase one of the liability management exercise improved the debt maturity profile of the Company for period 2002 to 2004
- Debt maturities between 2002 to 2004 have been reduced to levels aligned with PLDT's expected cashflows
- The average life of PLDT's debt portfolio PLDT's increased to 5.25 years from 4.5 years while the average cost of debt increased by approximately 40 bps to approximately 8.1%
- Phase two of the liability management exercise focuses on reducing PLDT's overall indebtedness by approximately US\$650 million through increased cash flows from operations and dividends from Smart

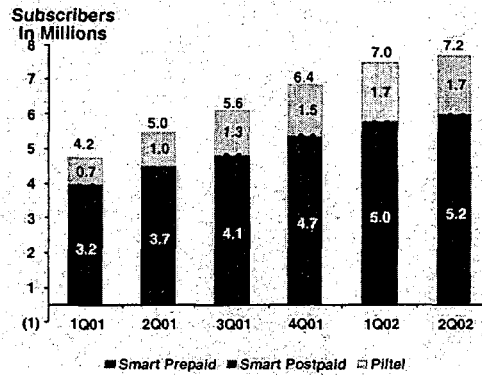
# Smart – Maintaining Market Leadership

- Smart and Piltel had a combined subscriber base of 7.2 million at the end of June 2002 representing a 57% share of total cellular market and a 56% share of the GSM market
- Smart, on a stand-alone basis, is the market leader with 43% share of total cellular and GSM subscribers
- 98% of Smart's 5.3 million GSM subscribers are prepaid
- Smart added 659,240 GSM subscribers or an average of 110,000 net adds per month in the first six months of 2002 compared to an average of 200,000 in the first six months of 2001

**GSM Market Share**



**Smart and Piltel Subscriber Growth**

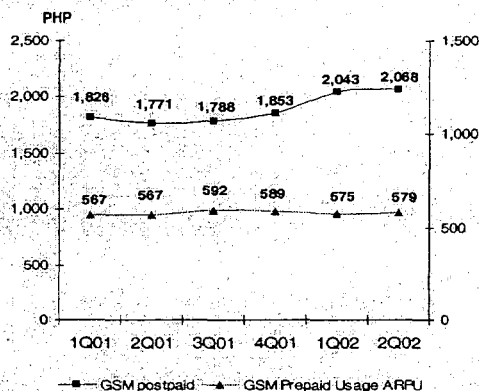


# Stabilizing ARPUs and Reducing Subscriber Acquisition Costs

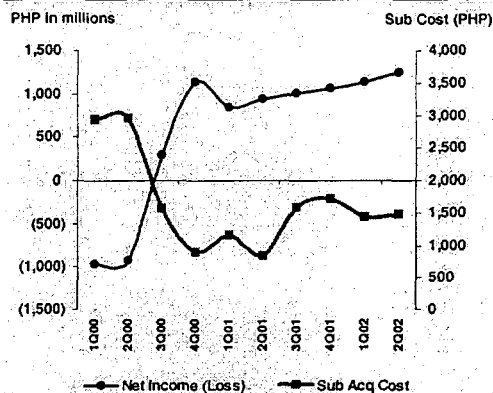


- Usage ARPU's for prepaid have remained very stable over the past six quarters in spite of signs of anticipated slow down in subscriber take-up
- In August 2002, Smart reduced commissions paid to dealers which is expected to result in lower subscriber acquisition costs moving forward

**Smart Prepaid and Postpaid ARPU**



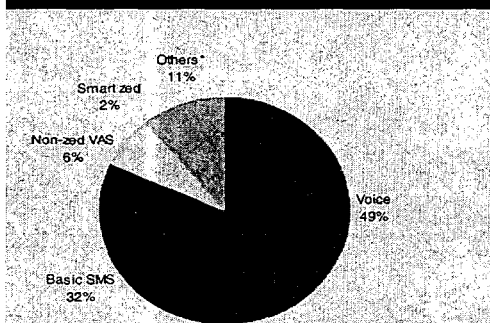
**Smart SAC and Net Income**



## Wireless Data – Growing Revenue Source

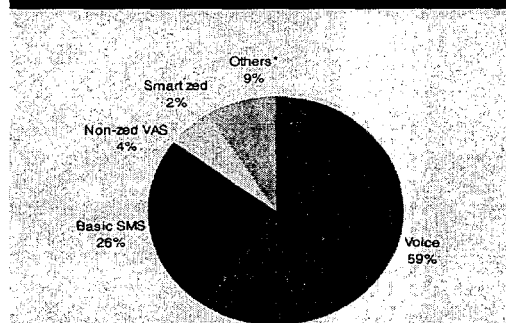
- Smart's total wireless data revenues increased by 88% to P6.3 billion in the first half of 2002 from P3.3 billion the previous year
- In the first half of 2002, Smart handled 7.7 billion outbound messages, an increase of 41% from the 5.4 billion messages handled last year
- Basic SMS remains the largest contributor to wireless data revenues representing 81% in the first half of 2002
- Successful introduction of *Smart zed* and *Smart Money* on SMS platform in December 2000 has enhanced the range and variety of wireless data services

**GSM Revenue Breakdown – 1H 2002**



Data : P6.3 billion or 39% of GSM Revenues

**GSM Revenue Breakdown – 1H 2001**



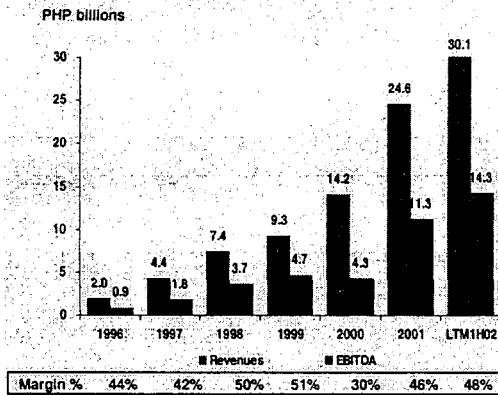
Data : P3.3 billion or 31% of GSM Revenues

\* refers to other revenues such as TNC revenue share accrued from Pillet and Smart Money

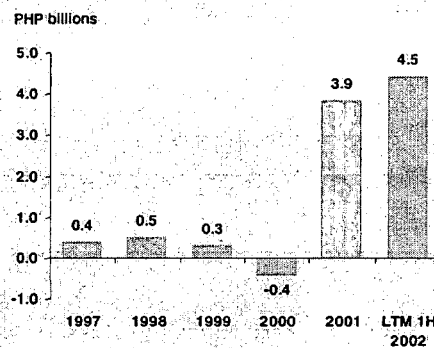
## Growing Revenues and EBITDA

- Smart's revenue and EBITDA growth are principally attributable to continued subscriber growth, stabilizing ARPUs and reduced subscriber acquisition costs
- Smart is in a position to begin paying dividends equivalent to 40% of its net income in 2001 by fourth quarter 2002

**Smart Revenues and EBITDA**



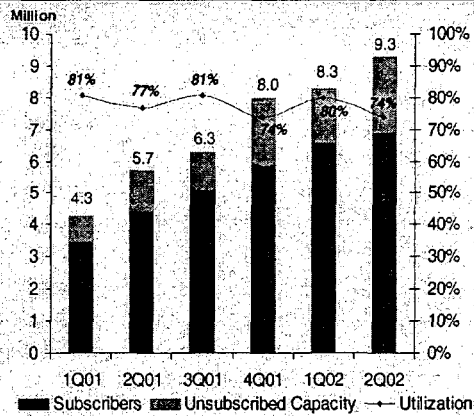
**Smart Net Income**



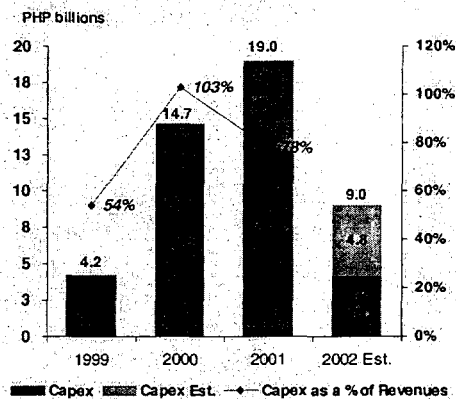
## Smart – Efficient Capital Spending

- Smart's capital expenditures expected to come down from its peak level in 2001 since it has already built sufficient capacity to provide quality service to its subscribers
- Smart's capital expenditures budget for FY2002 has been adjusted downward to P9 billion; capital expenditure as of first half 2002 was at P4.2 billion
- Smart's incremental capital expenditures per subscriber is below US\$100

**Smart Network Utilization**



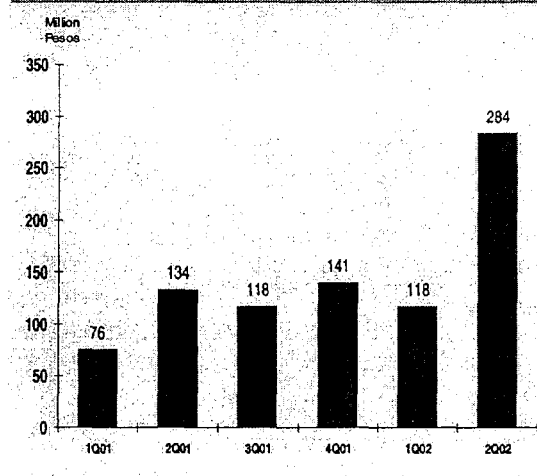
**Smart Capital Expenditures**



## 4. Information and Communications Technology

## ePLDT: Enhancing competitive strengths

### Information Communications Technology Revenues

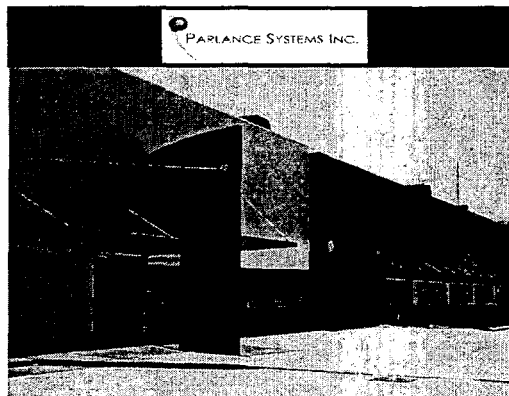


- Growth in ePLDT's revenues expected to be driven by its call center businesses, Infocom and Vitro Internet Data Center
- Parlance and Vocativ, ePLDT's major call center businesses, began commercial operations in March and April 2002
- Infocom and Vitro Internet Data Center contributed 47% and 46% of the total ICT revenues in the first half of 2002, respectively
- Collaboration of ePLDT and the Corporate Business Group of PLDT in developing new products and services enhances the competitive strength of the PLDT group

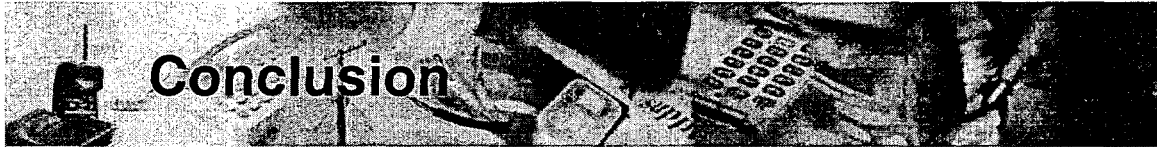


## ePLDT: Building Operations

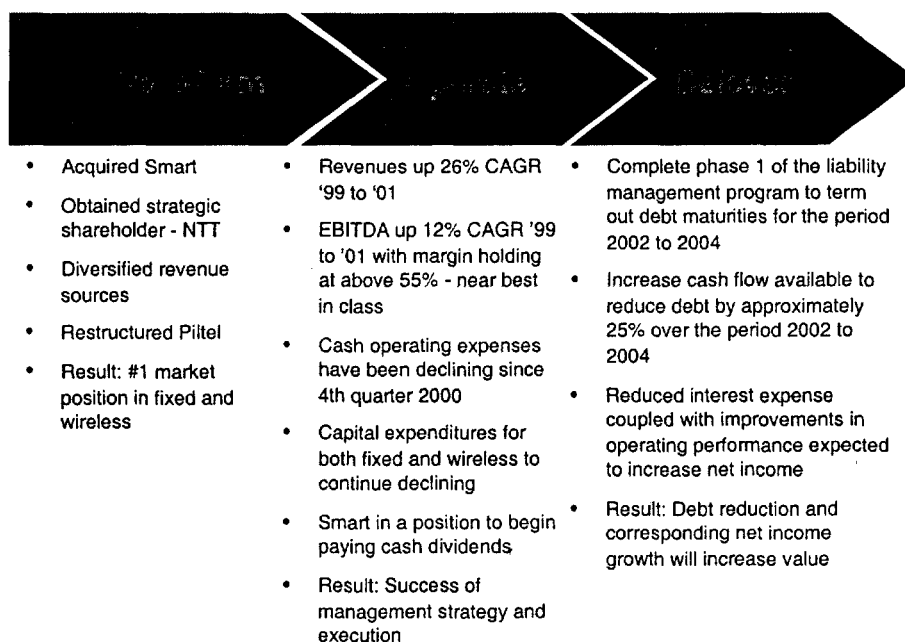
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- Parlance and Vocativ call centers began commercial operations in March and April 2002, respectively
- Both call centers are now serving US-based customers and provides customer billing and programming support to the subscribers of its clientele
- Vocativ is already utilizing 230 workstations while Parlance is operating at full capacity utilizing 522 workstations



# PLDT Roadmap to Increasing Returns



# Management Targets and Priorities (2002 to 2006)

---

## PLDT-Fixed Line

- Grow fixed line revenues by approximately 3-5% per year
- Reduce and maintain cash operating expenses at approximately P16.0 billion per year
- Focus capital expenditures on projects to support data services and bring down level of capital expenditures to approximately 12-15% of fixed line revenues
- Generate cash flows available for debt reduction, inclusive of dividends received from Smart, to achieve a Debt to Equity ratio of below 1.0x and a Debt to EBITDA ratio of below 4.0x by YE2004

## Smart

- Continue to grow GSM subscribers while maintaining ARPUs and reducing subscriber acquisition costs
- Maintain the average capital spending for each incremental subscriber at below US\$100
- Begin to pay dividends equivalent to 40% of 2001 net income by 4Q2002 and increase the dividend payout ratio from 2003 onwards

## PLDT Group

- Explore value maximization options for Smart such as listing and/or spinning off Smart
- Restore payment of dividends to common shareholders upon achieving deleveraging targets

# Key Investment Considerations

## Incumbent Nationwide Operator

- Incumbent operator, providing telecom services since 1928
- Only nationwide operator in the Philippines

## Dominant Market Shares

- # 1 in fixed line with over 2.2 million subscribers and 68% market share
- # 1 in wireless with approximately 7.2 million subscribers and 57% market share

## Successful Diversification Strategy

- Major player in all sectors of the telecommunications industry
- Significant expansion of wireless, local exchange and data services reduce dependence on NLD and ILD revenues

## Extensive Integrated Network

- Significant investments already completed
- 5,400 km nationwide digital fibre optic and microwave backbone
- Synergies with the fixed line nationwide infrastructure enabled rapid and cost-efficient deployment of the GSM network

## Strong Recurring Cash Flows

- Stable cash flows, backed by strong EBITDA margin and rationalized capital expenditure plans
- Further improvement of margins at PLDT-Parent level due to cost containment initiatives
- Increasing profitability at Smart due to continued subscriber growth, stabilizing ARPUs and reduced subscriber acquisition costs

## Improving Balance Sheet Profile

- Completion of liability management exercise removes near-term refinancing risks
- Cash flows generated from operations to be used to reduce overall indebtedness



## Appendix: First Half 2002 Financial Results

# Earnings Highlights

(In million pesos)

|                          | PLDT Consolidated |         |          | PLDT Non-Consolidated |        |          |
|--------------------------|-------------------|---------|----------|-----------------------|--------|----------|
|                          | 1H02              | 1H01    | % Change | 1H02                  | 1H01   | % Change |
| Revenues                 | 39,727            | 36,725  | 8        | 22,521                | 23,795 | (5)      |
| Expenses                 | 29,394            | 28,935  | 2        | 15,727                | 16,445 | (4)      |
| Operating income         | 10,333            | 7,790   | 33       | 6,794                 | 7,350  | (8)      |
| Other expenses           | 6,594             | 7,095   | (7)      | 4,983                 | 4,797  | 4        |
| Income before tax        | 3,739             | 695     | 438      | 1,811                 | 2,553  | (29)     |
| Provision for tax        | 986               | 1,044   | (6)      | 528                   | 653    | (19)     |
| Income before minority   | 2,753             | (349)   | (888)    | 1,283                 | 1,900  | (32)     |
| Minority interest (loss) | (2)               | (1,723) | (100)    | -                     | -      | -        |
| Net income               | 2,755             | 1,374   | 101      | 1,283                 | 1,900  | (32)     |
| EBITDA <sup>(a)</sup>    | 22,523            | 19,880  | 13       | 13,167                | 14,342 | (8)      |

# Operating Expenses

(In million pesos)

|                                 | PLDT Consolidated |               |          | PLDT Non-Consolidated |               |             |
|---------------------------------|-------------------|---------------|----------|-----------------------|---------------|-------------|
|                                 | 1H02              | 1H01          | % Change | 1H02                  | 1H01          | % Change    |
| <b>Cash</b>                     |                   |               |          |                       |               |             |
| Compensation                    | 5,104             | 4,541         | 12       | 3,603                 | 3,648         | (1)         |
| Maintenance                     | 2,346             | 2,262         | 4        | 1,575                 | 1,604         | (2)         |
| Selling and promotions          | 4,683             | 4,670         | 0        | 593                   | 911           | (35)        |
| Rent                            | 1,209             | 1,110         | 9        | 792                   | 914           | (13)        |
| Others                          | 2,883             | 3,266         | (12)     | 1,299                 | 1,734         | (25)        |
|                                 | <u>16,225</u>     | <u>15,849</u> | <u>2</u> | <u>7,863</u>          | <u>8,811</u>  | <u>(11)</u> |
| <b>Non-Cash</b>                 |                   |               |          |                       |               |             |
| Depreciation                    | 11,575            | 11,406        | 1        | 6,460                 | 6,246         | 3           |
| Provision for D/A               | 1,594             | 1,680         | (5)      | 1,404                 | 1,388         | 1           |
|                                 | <u>13,169</u>     | <u>13,086</u> | <u>1</u> | <u>7,864</u>          | <u>7,634</u>  | <u>3</u>    |
| <b>Total Operating expenses</b> | <u>29,394</u>     | <u>28,935</u> | <u>2</u> | <u>15,727</u>         | <u>16,445</u> | <u>(4)</u>  |



# Cash Flow Highlights

(In million pesos)

|                                    | PLDT Consolidated |         |          | PLDT Non-Consolidated |          |          |
|------------------------------------|-------------------|---------|----------|-----------------------|----------|----------|
|                                    | 1H02              | 1H01    | % Change | 1H02                  | 1H01     | % Change |
| Net income before tax              | 3,741             | 2,417   | 55       | 3,282                 | 2,027    | 62       |
| Add (Deduct:)                      |                   |         |          |                       |          |          |
| Non-cash charges                   | 20,956            | 18,387  | 14       | 11,952                | 13,554   | (12)     |
| Changes in working capital         | (6,147)           | (5,456) | 13       | (6,242)               | (2,933)  | 113      |
| Net cash from operations           | 18,550            | 15,347  | 21       | 8,993                 | 12,649   | (29)     |
| Less: Capital expenditures         | 7,442             | 11,603  | (36)     | 2,505                 | 3,269    | (23)     |
| Free cash flow                     | 11,107            | 3,745   | 197      | 6,488                 | 9,379    | (31)     |
| Investments                        | (195)             | (515)   | (62)     | (186)                 | (3,660)  | (95)     |
|                                    | 10,913            | 3,229   | 238      | 6,302                 | 5,720    | 10       |
| Net financing - Equity             | (489)             | (940)   | (48)     | (489)                 | (940)    | (48)     |
| - Debt                             | 2,705             | 1,103   | 145      | 4,122                 | (4,891)  | (184)    |
| Interest paid - net                | (6,189)           | (6,873) | (10)     | (4,853)               | (4,792)  | 1        |
| Net cash from financing activities | (3,973)           | (6,710) | (41)     | (1,221)               | (10,623) | (89)     |
| Change in cash                     | 6,940             | (3,481) | (299)    | 5,082                 | (4,904)  | (204)    |
| Cash balance, beginning            | 4,123             | 9,674   | (57)     | 2,336                 | 7,781    | (70)     |
| Cash balance, end                  | 11,063            | 6,194   | 79       | 7,418                 | 2,877    | 158      |

# Balance Sheet Highlights

(In million pesos)

|                                | PLDT Consolidated |                | PLDT Non-Consolidated |                |
|--------------------------------|-------------------|----------------|-----------------------|----------------|
|                                | Jun-02            | Dec-01         | Jun-02                | Dec-01         |
| Total Assets                   | <u>304,902</u>    | <u>307,622</u> | <u>266,276</u>        | <u>264,513</u> |
| Short-term Debt                | <u>4,025</u>      | <u>6,462</u>   | <u>954</u>            | <u>1,962</u>   |
| Long-term Debt                 | <u>174,189</u>    | <u>168,879</u> | <u>144,005</u>        | <u>141,515</u> |
| Total Debt                     | <u>178,214</u>    | <u>175,341</u> | <u>144,959</u>        | <u>143,477</u> |
| Net Debt                       | <u>167,151</u>    | <u>171,218</u> | <u>137,541</u>        | <u>141,141</u> |
| Equity                         | <u>90,842</u>     | <u>88,628</u>  | <u>90,842</u>         | <u>88,628</u>  |
| Debt/Equity                    | <u>1.96x</u>      | <u>1.98x</u>   | <u>1.60x</u>          | <u>1.62x</u>   |
| Net Debt/Equity                | <u>1.84x</u>      | <u>1.93x</u>   | <u>1.51x</u>          | <u>1.59x</u>   |
| Net Debt/EBITDA <sup>(a)</sup> | <u>4.01x</u>      | <u>4.39x</u>   | <u>5.32x</u>          | <u>5.22x</u>   |
| EBITDA/Interest expense, net   | <u>3.12x</u>      | <u>2.67x</u>   | <u>2.35x</u>          | <u>2.50x</u>   |

## Smart – Financial Highlights

|                                 | 1H02             | 1H01             | % Change      |
|---------------------------------|------------------|------------------|---------------|
| <b>Earnings Highlights</b>      |                  |                  |               |
| Operating revenues              | 16,277           | 10,609           | 53            |
| Operating expenses              | <u>12,804</u>    | <u>8,305</u>     | <u>54</u>     |
| Net operating income            | 3,473            | 2,304            | 51            |
| Other expenses, net             | <u>672</u>       | <u>180</u>       | <u>274</u>    |
| Income before tax               | 2,801            | 2,124            | 32            |
| Provision for tax               | <u>422</u>       | <u>355</u>       | <u>19</u>     |
| Income before minority          | 2,380            | 1,769            | 35            |
| Minority interest (loss)        | <u>-</u>         | <u>5</u>         | <u>(100)</u>  |
| Net income                      | <u>2,380</u>     | <u>1,774</u>     | <u>34</u>     |
| <br>EBITDA <sup>(a)</sup>       | <br><u>8,221</u> | <br><u>5,240</u> | <br><u>57</u> |
| EBITDA Margin                   | <u>50.5%</u>     | <u>49.4%</u>     |               |
| <br><b>Cash Flow Highlights</b> |                  |                  |               |
| Cash from operations            | 8,131            | 2,919            | 179           |
| Capital expenditures            | (4,164)          | (7,073)          | (41)          |
| Net financing                   | (2,660)          | 5,492            | (148)         |
| Cash balance, end               | 2,509            | 2,154            | 17            |

## Smart – Balance Sheet Highlights

|                                | Jun-02        | Dec-01        |
|--------------------------------|---------------|---------------|
| Total Assets                   | <u>63,537</u> | <u>63,483</u> |
| Short-term debt                | 3,061         | 4,500         |
| Long-term debt                 | <u>24,512</u> | <u>21,702</u> |
| Total Debt                     | <u>27,573</u> | <u>26,202</u> |
| Net Debt                       | <u>25,064</u> | <u>24,932</u> |
| Equity                         | <u>30,183</u> | <u>27,803</u> |
| Debt/Equity                    | <u>0.91x</u>  | <u>0.94x</u>  |
| Net Debt/Equity                | <u>0.83x</u>  | <u>0.90x</u>  |
| Net Debt/EBITDA <sup>(a)</sup> | <u>1.75x</u>  | <u>2.20x</u>  |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHILIPINE LONG DISTANCE TELEPHONE COMPANY

By /s/ MA. Lourdes C. Rausa-Chan

MA. LOURDES C. RAUSA-CHAN

Senior Vice President, Corporate

Secretary and General Counsel

Date: September 18, 2002